

The Honorable Samuel J. Steiner  
Chapter 15  
Hearing Date: Friday, May 28, 2010  
Hearing Time: 9:30 a.m.  
Hearing Location: Seattle – Room 8206  
Response Date: Friday, May 21, 2010

UNITED STATES BANKRUPTCY COURT  
WESTERN DISTRICT OF WASHINGTON

In re

BIG NEVADA, INC., *et al.*,

Debtors in a Foreign Proceeding.<sup>1</sup>

Case No. 09-13569 (SJS)

(Jointly Administered)

MOTION FOR ORDER

(1) AUTHORIZING SALE OF ASSETS  
FREE AND CLEAR OF INTERESTS,  
(2) AUTHORIZING THE ASSUMPTION  
AND ASSIGNMENT OF CONTRACTS  
AND LEASES, (3) WAIVING ANY  
TEMPORARY STAY OF RELIEF, AND  
(4) GRANTING OTHER RELIEF

Grant Thornton Limited (the “Receiver”) is the receiver and foreign representative for fifteen subsidiaries (the “Washington Subsidiaries”) of Washington Gaming, Inc. (“Washington Gaming”). The Receiver moves the Court for entry of an order granting the following relief:

<sup>1</sup> The debtors are Big Nevada, Inc. (EIN 91-1922258), Gameco, Inc. (EIN 48-1270165), Gaming Consultants, Inc. (EIN 91-1957844), Gaming Management, Inc. (EIN 84-1688364), Golden Nugget Tukwila, Inc. (EIN 91-1661061), Hollydrift Gaming, Inc. (EIN 81-0677426), Little Nevada, Inc. (EIN 91-1716128), Little Nevada II, Inc. (EIN 91-1916160), Little Nevada III, Inc. (EIN 91-1957843), Mill Creek Gaming, Inc. (EIN 91-2117491), Royal Casino Holdings, Inc. (EIN 51-0558214), Shoreline Gaming, Inc. (EIN 91-1661061), Shoreline Holdings, Inc. (EIN 48-1302343), Silver Dollar Mill Creek, Inc. (EIN 91-1957125), and Snohomish Gaming, Inc. (EIN 51-0558212). Each debtor is a corporation organized under the laws of the State of Washington. The debtors have also operated under or more of the following names: Silver Dollar Casino – Seatac, Golden Nugget Casino – Tukwila, Golden Nugget Casino – Shoreline, Club Hollywood Casino, Drift on Inn Casino, Silver Dollar Casino – Tukwila, Silver Dollar Casino – Renton, Royal Casino, Silver Dollar Casino – Mill Creek.

1 (1) authorizing the Receiver to sell the assets of the Washington Subsidiaries to NG  
2 Washington II, LLC ("Nevada Gold") pursuant to an Asset Purchase Agreement (the "Purchase  
3 Agreement") in the form attached to as Exhibit A to the Court's Order (1) Approving Form Of  
4 Purchase Agreement, (2) Approving Procedures For Sale Of Debtors' Assets, (3) Approving  
5 Assumption And Assignment Procedures, (4) Approving Notice Procedures And Forms Of  
6 Notice, And (5) Granting Other Relief (Docket No. 53) (the "Procedures Order").

7 (2) approving the assumption and assignment by the Receiver to Nevada Gold of  
8 the executory contracts and unexpired leases identified on Exhibit A hereto (the "Schedule of  
9 Agreements"), pursuant to the terms of the Purchase Agreement, and establishing the monetary  
10 cure amounts, if any, under such executory contracts and leases;

11 (3) waiving any temporary stay of the effectiveness of the requested relief; and

12 (4) such other relief as the Court deems appropriate.

13 A proposed order has been filed with this motion.

14 The statutory predicates for the relief sought are sections 105, 363, 365, 1520, 1521 and  
15 1525 of the Bankruptcy Code, as complemented by Bankruptcy Rules 6002, 6004, 6006, 9007  
16 and 9029. This Court has jurisdiction over the cases of each of the Washington Subsidiaries,  
17 this motion, and the parties and properties affected thereby pursuant to 28 U.S.C. § 1334. The  
18 matters addressed in this motion are core proceedings pursuant to 28 U.S.C. § 157(b)(2)(M),  
19 (N), (O), and (P). Venue is properly located in this Court pursuant to 28 U.S.C. § 1410.

## 20 I. FACTS

### 21 A. Background

22 Prior to the filing of bankruptcy and receivership-related proceedings in Canada and the  
23 United States, Evergreen Gaming Corporation ("Evergreen")<sup>2</sup> owned and operated gaming  
24 operations in Alberta and Washington. As of early 2009, Evergreen's Washington gaming  
25 business operated through Washington Gaming, a Washington corporation. Washington  
26

27 <sup>2</sup> Evergreen is a corporation organized under the laws of the province of British Columbia, Canada.

1 Gaming's operations included 17 direct and indirect subsidiaries and 13 casinos. At the time of  
2 the filing of the Chapter 15 cases, 10 casinos were operational.

3 The Washington Subsidiaries together operate seven out of the eight Evergreen casinos  
4 still operating in the greater Seattle metropolitan area.<sup>3</sup> The facilities range in size from 4,500  
5 square feet to 25,000 square feet, and have between six and fifteen gaming tables each. The  
6 Washington Subsidiaries do not own any real property; each casino operates in property leased  
7 from a third party. The Washington Subsidiaries employ approximately 1,000 people.

8 Substantially all of the assets of the Washington Subsidiaries are pledged to Fortress  
9 Credit Corp., as agent for Fortress Credit Opportunities I, L.P., and Fortress Credit Funding II,  
10 L.P. (collectively, "Fortress") to secure a \$29 million loan made to Evergreen in 2007. Each of  
11 Evergreen's direct and indirect subsidiaries (other than Mountlake Gaming, Inc. ("Mountlake")  
12 and Riverside Casino, Inc. ("Riverside")) guaranteed Fortress's loan and pledged its assets to  
13 secure the loan.<sup>4</sup>

14 As the Court is aware, on July 3, 2009, the Receiver was appointed as receiver for  
15 Evergreen's Canadian subsidiaries and the Washington Subsidiaries by the Supreme Court of  
16 British Columbia (the "Canadian Court"); and the Receiver was recognized as foreign  
17 representative of the Washington Subsidiaries by this court. The Receiver sold the assets of  
18 Evergreen's Canadian subsidiaries in 2009, and pursuant to orders of the Canadian Court, the  
19 proceeds of sale after certain reserves were distributed to Fortress. As of the filing of this  
20 motion, the current balance outstanding on Fortress's loans exceeds \$22 million. The Receiver  
21 has been overseeing operation of the Washington Subsidiaries' business since its appointment.

## 22 **B. Sale Process for Washington Subsidiaries.**

23 Following its appointment, the Receiver worked with Fortress to find a suitable buyer  
24 for the Washington Subsidiaries' businesses. A unique aspect of this case is that any sale of the  
25

26 <sup>3</sup> The Receiver earlier closed a casino, recently ceased operations at another casino that was losing money, and  
27 curtailed operations at another. Evergreen still operates one casino, the Riverside, through Riverside Casino, Inc.

<sup>4</sup> As a result of the sale of Evergreen's Canadian operations, Fortress's debt was paid down by approximately  
\$9.08 million.

1 Washington Subsidiaries' businesses requires the approval of the Washington State Gambling  
2 Commission ("WSGC").<sup>5</sup> The universe of potential purchasers for gaming operations in  
3 Washington is limited to those that can meet WSCG licensing requirements. The Washington  
4 Subsidiaries and Fortress were able to provide the Receiver with information about parties who  
5 might have the interest and capacity to purchase the assets of the Washington Subsidiaries.

6 In July and August 2009, the Receiver and Fortress solicited proposals from potential  
7 purchasers of the Washington Subsidiaries. The Receiver distributed background materials,  
8 created a "virtual" data room through which potential purchasers could access additional  
9 materials, and provided site tours to several interested parties. The Receiver and Fortress  
10 thereafter negotiated an all-cash transaction with a party (other than Nevada Gold) during the  
11 fall of 2009. As it turned out, the potential purchaser did not have the cash or financing to  
12 close a transaction. The Receiver determined not to seek court approval of the transaction, and  
13 the agreement was terminated.

14 The Receiver resumed marketing efforts in January 2010, and again pursued a  
15 transaction with several potential purchasers. In connection with that effort, the Receiver  
16 contacted parties that had previously been identified to the Receiver, and parties that had  
17 contacted the Receiver during the fall of 2009. One of those potential purchasers was Nevada  
18 Gold. Nevada Gold demonstrated a readiness to engage in a sale on reasonable terms, an  
19 ability to provide a significant cash payment, and the capacity to finance a portion of the  
20 purchase with Fortress. The Receiver elected to negotiate the Purchase Agreement with  
21 Nevada Gold based on a number of factors, including that the purchase price proposed by  
22 Nevada Gold was the highest of any qualified offer received, that Nevada Gold appears to have  
23 the necessary financial capacity to close a transaction at the proposed purchase price, and that  
24 Nevada Gold appears likely to be acceptable to the WSGC as they are already licensed in the  
25 State of Washington to operate other casino properties. The Receiver and Nevada Gold

26  
27 <sup>5</sup> The Washington Subsidiaries' operations are also subject to other state and local regulation, including regulation by the Washington State Liquor Control Board.

1 executed the Purchase Agreement, dated as of April 14, 2010. The Purchase Agreement is  
2 subject to approval by both this Court and the Canadian Court.

3 The following is a summary of key provisions in the Purchase Agreement:<sup>6</sup>

- 4 • The base purchase price is \$11,070,000 million, subject to working capital and  
5 EBITDA adjustments. In the case of Nevada Gold, \$5,070,000 of the purchase  
6 price will be paid through financial accommodations provided by Fortress.
- 7 • Closing is subject to (a) approval by the Canadian Court and this Court, and  
8 (b) receipt of necessary regulatory approvals, including from the WSGC and  
9 Washington State Liquor Control Board ("WSLCB"). There is no due diligence  
10 condition. Nevada Gold's obligation to close is conditioned on Fortress providing  
11 \$5,070,000 of financial accommodations, for which a term sheet agreement is in  
12 place.
- 13 • Nevada Gold has deposited \$1,000,000 in escrow at US Bank, which will be  
14 forfeited to the Receiver if Nevada Gold fails to close the transactions under  
15 specified conditions.
- 16 • The purchaser will acquire substantially all of the assets of the Washington  
17 Subsidiaries free and clear of all interests pursuant to section 363 of the Bankruptcy  
18 Code (subject to limited exceptions).
- 19 • The Receiver will assume and assign to Nevada Gold executory contracts identified  
20 by Nevada Gold ten business days prior to the Sale Hearing on May 28, 2010.  
21 Nevada Gold will cure any monetary defaults under the assumed executory  
22 contracts that it elects to have the Receiver assume and assign to it.
- 23 • The Receiver anticipates assuming and assigning to Nevada Gold seven leases for  
24 casinos currently being operated by the Receiver. Nevada Gold will cure any pre-  
25 receivership monetary defaults under the assumed leases (which amounts are  
26 nominal).
- 27 • Nevada Gold will assume and pay ordinary course post-receivership accounts  
payable to trade creditors as of the closing (which will be reflected in a working  
capital adjustment).
- The parties may elect multiple closings through which it would sell the assets of  
some but not all of the Washington Subsidiaries to Nevada Gold under certain  
circumstances. In that event, the Purchase Agreement provides for apportionment  
of the Purchase Price among the various Washington Subsidiaries.
- The Purchase Agreement executed by Nevada Gold is subject to higher and better  
offers. However, if the Receiver sells to a party other than Nevada Gold, the

<sup>6</sup> The description of the Purchase Agreement in this Motion is intended only as a summary. This summary may not describe terms that are material to various parties in interest. Parties in interest are advised to consult the Procedures Order and its exhibits and should not rely on this summary.

1 receivership estate (which, at this point, consists almost entirely of assets pledged to  
2 Fortress) will pay a break-up fee of \$1.0 million<sup>7</sup>.

- 3
- 4 • Nevada Gold will use commercially reasonable efforts to offer employment to most  
5 of the Washington Subsidiaries' employees.

6

7 **C. Notice of Motion**

8 The Court entered the Procedures Order on May 7, 2010. As reflected more fully in the  
9 Declaration of Service filed herewith, and consistent with the Procedures Order, the Receiver  
10 has or will timely given notice to all parties on the master mailing list, all parties who  
11 statutorily are entitled to notice, affected government agencies, all parties known to the  
12 Receiver who previously expressed an interest in acquiring the assets (or stock) of one or more  
13 the Washington Subsidiaries, all known stakeholders, lienholders, and all parties requesting  
14 special notice.

15

16 **II. DISCUSSION**

17

18 **A. The Proposed Sale Is in the Best Interests of Creditors and Other Parties in  
19 Interest.**

20 The Receiver seeks authority to sell the purchased assets free and clear of interests  
21 pursuant to sections 363 and 1520 of the Bankruptcy Code, with the interests of other persons  
22 (including the liens and security interests of secured creditors) attaching to the proceeds of sale  
23 in the same order, and with the same priority, as those liens and security interests had as of the  
24 commencement of these chapter 15 cases on April 15, 2009 (the "Commencement Date").

25 Section 1520(a)(2) of the Bankruptcy Code provides that upon the recognition of a  
26 foreign main proceeding (as has occurred here), section 363 applies to transfers of the debtor's  
27 interest in property "within the territorial jurisdiction of the United States to the same extent  
that the sections would apply to property of the estate." Section 363(b) of the Bankruptcy  
Code, in turn, provides that after notice and hearing, property of the estate may be sold outside  
the ordinary course of business.

28 <sup>7</sup> The Purchase Agreement also has an independent provision allowing recovery of the Buyer's reasonable out of  
29 pocket costs and expenses up to \$100,000 if the Purchase Agreement is terminated on account of a default by the  
Receiver.

1 Decisions to sell property pursuant to section 363(b)(1) must be based upon the sound  
2 business judgment of the trustee. See *In re Chateaugay Corp.*, 973 F.2d 141, 143 (2d Cir.  
3 1992) (a judge determining a section 363(b) application must find from the evidence presented  
4 a good business reason to grant such application); *Comm. of Equity Sec. Holders v. Lionel*  
5 *Corp. (In re Lionel Corp.)*, 722 F.2d 1063, 1071 (2d Cir. 1983) (same); *In re Global Crossing*  
6 *Ltd.*, 295 B.R. 726, 743 (Bankr. S.D.N.Y. 2003) (“courts are loath to interfere with corporate  
7 decisions absent a showing of bad faith, self-interest, or gross negligence” (citing *Official*  
8 *Comm. of Subordinated Bondholders v. Integrated Resources, Inc. (In re Integrated Resources,*  
9 *Inc.)*, 147 B.R. 650, 656 (S.D.N.Y. 1992)).

10 Courts routinely defer to a trustee’s business judgment, so long as the decision was  
11 “made in good faith, upon a reasonable basis, and within the scope of [such debtor’s] authority  
12 under the [Bankruptcy] Code.” *In re Curlew Valley Assocs.*, 14 B.R. 506, 513–14 (Bankr. D.  
13 Utah 1981); see also *Frostbaum v. Ochs*, 277 B.R. 470, 475–76 (E.D.N.Y. 2002); *In re Johns-*  
14 *Manville Corp.*, 60 B.R. 612, 615–16 (Bankr. S.D.N.Y. 1986) (“[T]he [Bankruptcy] Code  
15 favors the continued operation of a business by a debtor and a presumption of reasonableness  
16 attaches to a Debtor’s management decisions.”).

17 Here, the Receiver, working with Fortress (the Debtors’ largest secured creditor)  
18 marketed the Washington Subsidiaries’ assets to an identifiable group of potentially qualified  
19 purchasers. Nevada Gold’s offer represents the highest offer received as of the date of filing  
20 this Motion. The Receiver is further exposing the assets of the Washington Subsidiaries to the  
21 market pursuant to the Procedures Order. Absent the receipt of a higher and better offer  
22 pursuant to the Procedures Order, the Receiver believes that closing the Purchase Agreement  
23 with Nevada Gold is in the best interests of the Washington Subsidiaries’ receivership estates.

24 **B. The Purchased Assets Will Be Sold Free and Clear of All Liens, Claims,**  
25 **Encumbrances, and All Other Interests.**

26 Section 363(f) of the Bankruptcy Code provides that property sold pursuant to section  
27 363(b) may be conveyed “free and clear of any interest in such property of any entity other than

1 the estate . . . .” Consistent with the use of the term elsewhere in the Bankruptcy Code, courts  
2 construe the term “interest” broadly to include all legal and equitable interests in the property  
3 and arising from the property. *See In re General Motors Corp.*, 407 B.R. 463, 503-06 (Bankr.  
4 S.D.N.Y. 2009) (authorizing sale free and clear of successor liability), *aff’d sub nom. In re*  
5 *Motors Liquidation Co.*, \_\_\_ B.R. \_\_\_, 2010 WL 1730802 (S.D.N.Y. April 28, 2010); *In re*  
6 *Trans World Airlines, Inc.*, 322 F.3d 283, 289 (3d Cir. 2003) (“interests” is read expansively to  
7 include obligations that may flow from ownership of the property). The sale will be  
8 consummated free and clear of all interests so long as any one of five criteria is met with  
9 respect to the Purchased Assets:

- 10 (1) applicable nonbankruptcy law permits sale of such property  
11 free and clear of such interest;
- 12 (2) such entity consents;
- 13 (3) such interest is a lien and the price at which such property is  
14 to be sold is greater than the aggregate value of all liens on such  
15 property;
- 16 (4) such interest is in bona fide dispute; or
- 17 (5) such entity could be compelled, in a legal or equitable  
18 proceeding, to accept money satisfaction of such interest.

19 11 U.S.C. § 363(f). The sale of Washington Subsidiaries’ assets to Nevada Gold satisfies one  
20 or more of the criteria enumerated in subsections (1), (2), (4) or (5) of section 365(f) of the  
21 Bankruptcy Code.

22 **1. Applicable Nonbankruptcy Law Permits Sale of the Purchased**  
23 **Assets Free and Clear of Interests, and Entities Holding Such**  
24 **Interests Could Be Compelled to Accept Money Satisfaction.**

25 There are several mechanisms under nonbankruptcy law that permit sales free and clear  
26 of interests and several legal and equitable proceedings in which holders of interests may be  
27 compelled to accept money satisfaction of their interests in purchased assets. Those include  
sales conducted by state court receivers and real and personal property foreclosure sales  
conducted pursuant to state law. *In re Jolan, Inc.*, 403 B.R. 866, 869–70 (Bankr. W.D. Wash.



2009); *see also* Memorandum Regarding Sale, *In re Wrangell Seafoods, Inc.*, No. 09-00012 (Bankr. D. Alaska, Mar. 9, 2009). The Purchased Assets may therefore be sold free and clear of interests pursuant to section 365(f)(1) and (5) of the Bankruptcy Code, just as they could in a proceeding outside of bankruptcy.

The Washington Subsidiaries' primary secured creditor is Fortress.<sup>8</sup> Fortress has consented to the sale of the Washington Subsidiaries' assets pursuant to the Purchase Agreement. The assets can therefore be sold free and clear of interests over the objections, if any, of junior secured creditors.

**2. Each Entity With an Interest in Purchased Assets That Does Not Object Is Deemed to Consent to a Sale Free and Clear of Interests.**

The Receiver has provided notice of the proposed sale to each known creditor of the Washington Subsidiaries. If they do not object, they should be deemed to have consented to the sale. *See Futuresource LLC v. Reuters Ltd.*, 312 F.3d 281, 285–86 (7th Cir. 2002) (in a sale conducted pursuant to section 363 of the Bankruptcy Code, “lack of objection (provided of course there is notice) counts as consent.”).

**3. Any Previously Undisclosed Interests May Be in Bona Fide Dispute.**

To the extent that any interest asserted in a purchased asset is in bona fide dispute, such purchased asset may be sold free and clear of such interest pursuant to section 363(f)(4). The Receiver has attempted to identify and take into account valid interests in the purchased assets. If any interest is not valid, or is in bona fide dispute, then the purchased assets may be conveyed free and clear of such interest.

**C. The Sale Is Being Made in Good Faith.**

A purchaser's good faith “is shown by the integrity of his conduct during the course of the sale proceedings.” *In re Gucci*, 126 F.3d 380, 390 (2d Cir.1997) (*quoting In re Rock Industries Machinery Corp.*, 572 F.2d 1195, 1198 (7th Cir.1978)). The Receiver, with the

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<sup>8</sup> The only senior liens of which the Receiver is presently aware are (i) PACA claims (all known PACA claims have been paid), and (ii) certain statutory and tax liens, which will be paid in connection with closing of the Purchase Agreement.

1 assistance of Fortress, solicited offers from third parties, and negotiated the Purchase  
2 Agreement with Nevada Gold through an arms length negotiation. Nevada Gold is not an  
3 affiliate of the Washington Subsidiaries, the Receiver, or Fortress. There is no evidence of  
4 fraud, collusion, or underhanded conduct. The offer tendered by Nevada Gold is the highest  
5 and best offer submitted to the Receiver as of the filing of this Motion. Nevada Gold is entitled  
6 to a finding of good faith and the protections of section 363(m) of the Bankruptcy Code.

7 **D. The Assumption and Assignment of the Assumed Contracts Should Be**  
8 **Approved Pursuant to the Order Recognizing the Receiver as Foreign**  
9 **Representative and Section 365 of the Bankruptcy Code.**

10 Although section 365 of the Bankruptcy Code does not automatically apply to a chapter  
11 15 case, the Court's July 6, 2009 order recognizing the Receiver as foreign representative gave  
12 the Receiver the power to assume or reject contracts and leases after notice and a hearing. (Or.,  
13 No. 09-13567, Doc. 100 at 11, July 6, 2009.) In the Procedures Order, the Court made Sections  
14 365(a), (b) and (f) of the Bankruptcy Code applicable to this case (Procedures Order ¶ 6).

15 As an initial matter, the decision to assume and assign executory contracts and  
16 unexpired leases is subject to the business judgment rule. *Conejo Enters., Inc. v. Durkin (In re*  
17 *G.I. Indus., Inc.)*, 204 F.3d 1276, 1282 (9th Cir. 2000); *Orion Pictures Corp. v. Showtime*  
18 *Networks, Inc. (In re Orion Pictures)*, 4 F.3d 1095, 1099 (2d Cir. 1993) (the standard to be  
19 applied by a court in determining whether an executory contract or unexpired lease should be  
20 assumed is the business judgment test).

21 When assuming an executory contract or unexpired lease, a debtor is required to cure  
22 any defaults under the contract or lease or provide adequate assurance that it will promptly cure  
23 such defaults. 11 U.S.C. § 365(b)(1)(A). If there has been a default, the debtor must  
24 compensate, or provide adequate assurance that it will promptly compensate, the other parties  
25 to the contract or lease for their actual pecuniary losses resulted from such default. 11 U.S.C.  
26 § 365(b)(1)(B). A debtor is not, however, required to cure cross-defaults to other agreements  
27 that are rejected by the debtor. *See, e.g., In re Plitt Amusement Co. of Wa., Inc.*, 233 B.R. 837,

1 847–48 (Bankr. C.D. Cal. 1999) (cross-default provisions unenforceable because “[i]t is well-  
2 settled that, in the bankruptcy context, cross-default provisions do not integrate otherwise  
3 separate transactions or leases.”).

4 In addition, the debtor must provide adequate assurance of future performance under the  
5 contract or lease. 11 U.S.C. § 365(b)(1)(C). Adequate assurance of future performance may be  
6 different in each case, depending on the facts of the proposed assumption. *In re Fleming Cos.*,  
7 499 F.3d 300, 307 (3d Cir. 2007). The trustee need only show an ability to cure defaults and  
8 make future payments. If the assignee is in sound financial health and has experience in  
9 managing the type of business associated with the assignment contract or lease, that is  
10 sufficient. *See In re Bygaph, Inc.*, 56 B.R. 596, 605–06 (Bankr. S.D.N.Y. 1986).

11 Here, the Receiver has determined that assumption and assignment of the executory  
12 contracts and leases on Exhibit A (designated by Nevada Gold to be assumed) is in the best  
13 interests of the Washington Subsidiaries receivership estates. The Purchase Agreement  
14 provides for Nevada Gold to cure of all outstanding monetary defaults under assumed and  
15 assigned executory contracts and leases. With respect to adequate assurance of future  
16 performance, Nevada Gold & Casinos, Inc., Nevada Gold’s parent, is an established public  
17 company that through a wholly owned subsidiary already manages gaming operations in  
18 Washington. Nevada Gold & Casino’s other operations have already undergone Washington’s  
19 stringent gaming and liquor approval processes. Robert Sturges, CEO of Nevada Gold &  
20 Casino’s, Inc. has filed a declaration that includes publicly available financial information.<sup>9</sup>  
21 The information included with Mr. Sturges’ declaration should provide adequate assurance of  
22 future performance to counterparties to executory contracts and leases.

23 **E. There Is No Just Reason to Delay the Effectiveness of the Relief Requested.**

24 Bankruptcy Rule 6004(h) provides that “an order authorizing the use, sale, or lease of  
25 property . . . is stayed until the expiration of 10 days after entry of the order, unless the court  
26

27 <sup>9</sup> Because Nevada Gold & Casinos, Inc. is a public company, it does not routinely disseminate non-public  
information.

orders otherwise.” Bankruptcy Rule 6006(d) stays an order authorizing the assignment of an executory contract or unexpired lease under section 365(f) of the Bankruptcy Code. The Receiver requests that any order granting the relief requested herein be effective immediately by waiving the application of any Bankruptcy Rule that would otherwise stay the effectiveness of the Court’s order.

**F. To the Extent Necessary, the Court Has the Inherent Power Pursuant to Section 105 of the Bankruptcy Code to Grant the Requested Relief.**

Section 105(a) of the Bankruptcy Code gives the Court the inherent power to issue “any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title.” This directive is consistent with the historically broad powers of bankruptcy courts to restructure debtor-creditor relationships. *See United States v. Energy Resources Co.*, 495 U.S. 545 (1990). Although all of the relief sought pursuant to this motion is specifically authorized by other provisions of the Bankruptcy Code, to the extent necessary, this Court has the inherent power grant the requested relief.

**III. CONCLUSION**

For the foregoing reasons, the Receiver respectfully requests that the Court grant its motion and enter an order substantially in the form attached hereto.

DATED this 10th day of May, 2010.

Davis Wright Tremaine LLP  
Attorney for Grant Thornton Limited, as Receiver  
and Foreign Representative for the Washington  
Subsidiaries

By /s/ Ragan L. Powers  
Ragan L. Powers, WSBA #11935  
C. Keith Allred, WSBA #6566  
Hugh R. McCullough, WSBA #41453

**Exhibit A to Motion to Approve Sale of Assets**

**Cure Amount Schedule**

<b>Non-Debtor Party to Agreement</b>	<b>Debtor Party to Agreement</b>	<b>Name and Date of Agreement</b>	<b>Proposed Amount to Be Paid to Cure Existing Defaults Under Agreement</b>
192nd Pacific Properties L.L.C. and Roy R. Toland and Audrey V. Toland	Big Nevada, Inc.	192nd Pacific Properties Lease, effective June 1, 2002	\$0.00
ABS Business Data, LLC	Golden Nugget Tukwila, Inc.	Sonoma Table Game Player Tracking System Licensing Agreement, dated February 2, 2005	\$0.00
ADP, Inc.	Gaming Consultants, Inc.	National Account Services Master Services Agreement, dated August 14, 2003, as amended	\$37.31
Allen and Sharon Hemmat	Royal Casino Holdings, Inc.	Commercial Premises Lease, dated December 22, 2006	\$0.00
Asplund Supply, Inc.	Silver Dollar Mill Creek, Inc.	Dishmachine Lease Agreement, dated January 1, 2005	\$0.00
Bruce Fehling and Yong Hui Fehling	Golden Nugget Tukwila, Inc.	Golden Nugget Casino Lease, dated November 29, 2004	\$0.00
Cintas Corporation	Gaming Consultants, Inc.	Standard Uniform Rental Service Agreement, dated December 17, 2007, as amended	\$0.00
Cintas Corporation	Gaming Consultants, Inc.	Standard Uniform Rental Service Agreement, dated March 22, 2005	\$0.00
Coca-Cola	Gaming Consultants, Inc.	Beverage Marketing Agreement	\$0.00

Non-Debtor Party to Agreement	Debtor Party to Agreement	Name and Date of Agreement	Proposed Amount to Be Paid to Cure Existing Defaults Under Agreement
Dunbar Armored, Inc.	Gaming Consultants, Inc.	Service Contract, dated April 21, 2005, as amended	\$1,845.17
Ecolab, Inc.	Big Nevada, Inc.	Rental Agreement, dated February 2, 2009	\$652.41
Ecolab, Inc.	Golden Nugget Tukwila, Inc.	Rental Agreement, dated February 26, 2009	\$130.35
Ecolab, Inc.	Little Nevada, Inc.	Rental Agreement	\$408.62
Ecolab, Inc.	Silver Dollar Mill Creek, Inc.	Rental Agreement, dated February 26, 2009	\$196.70 <sup>1</sup>
Ecolab, Inc.	Silver Dollar Mill Creek, Inc.	Rental Agreement, dated February 2, 2009	See FN3.
Ecolab, Inc.	Little Nevada, Inc.	Rental Agreement, dated February 2, 2009	\$798.87
Fire Protection, Inc.	Silver Dollar Mill Creek, Inc.	Agreement, dated May 17, 2005	\$1,903.14
Global Software, Inc.	Gaming Consultants, Inc.	Perpetual License Agreement, dated November 14, 2008	\$0.00
LeaseCo L.L.C.	Big Nevada, Inc.	Maintenance Agreement	\$313.92
LeaseCo L.L.C.	Golden Nugget Tukwila, Inc.	Maintenance Agreement	\$262.69
LeaseCo L.L.C.	Silver Dollar Mill Creek, Inc.	Maintenance Agreement, dated July 19, 2004	\$444.85
LeaseCo L.L.C.	Little Nevada, Inc.	Maintenance Agreement, dated February 28, 2005	\$371.69
LeaseCo L.L.C.	Hollydrift Gaming, Inc.	Maintenance Agreement	\$468.70

<sup>1</sup> Amount is for all Ecolab agreements with Silver Dollar Mill Creek, Inc.

Non-Debtor Party to Agreement	Debtor Party to Agreement	Name and Date of Agreement	Proposed Amount to Be Paid to Cure Existing Defaults Under Agreement
Leibold Communications Inc.	Little Nevada, Inc.	Service Agreement, dated November 5, 2005	\$20.00
Little Family, LLC and Little 3100, LLC	Little Nevada, Inc.	Lease Agreement, dated March 8, 2004	\$0.00
Lori Bowden d/b/a Cowgirls Espresso	Gaming Consultants, Inc.	Concession Agreement, dated March 10, 2006	\$0.00
Muzak LLC	Big Nevada, Inc.	Music Service Agreement	\$39.01
Muzak LLC	Golden Nugget Tukwila, Inc.	Music Service Agreement	\$42.92
Muzak LLC	Little Nevada, Inc.	Music Service Agreement	\$29.25
Net River, LLC	Gaming Consultants, Inc.	Unknown	\$17.95
Old 99 Property Group, L.L.C.	Hollydrift Gaming, Inc.	Commercial Premises Lease, dated March 5, 2007	\$2,386.32 <sup>2</sup>
Old 99 Property Group, L.L.C.	Hollydrift Gaming, Inc.	Commercial Premises Lease (Parking Lot), dated March 5, 2007 <sup>3</sup>	See FN4.
Otis Elevator Company	Hollydrift Gaming, Inc.	Maintenance Agreement, dated September 23, 2004	\$0.00
Ruth Dykeman Children's Center	Little Nevada, Inc.	Sublease Agreement, dated December 21, 2007, as amended	\$0.00
Sage Software	Gaming Consultants, Inc.	Software License Agreement	\$0.00
Shuffle Master, Inc.	Big Nevada, Inc.	License and Lease Agreement, dated February 13, 2007	\$2,946.65 <sup>4</sup>

<sup>2</sup> Amount is for all Old 99 Property Group, L.L.C., agreements with Hollydrift Gaming, Inc. that may be assumed.

<sup>3</sup> This lease may not be assumed and assigned depending on resolution of parking issues.

<sup>4</sup> Amount is for all Shuffle Master agreements with Big Nevada, Inc.

Non-Debtor Party to Agreement	Debtor Party to Agreement	Name and Date of Agreement	Proposed Amount to Be Paid to Cure Existing Defaults Under Agreement
Shuffle Master, Inc.	Big Nevada, Inc.	Sales/Lease Agreement, dated February 21, 2006	See FN6.
Shuffle Master, Inc.	Big Nevada, Inc.	License and Lease Agreement, dated February 11, 2009	See FN6.
Shuffle Master, Inc.	Big Nevada, Inc.	License and Lease Agreement, dated March 2, 2009	See FN6.
Shuffle Master, Inc.	Golden Nugget Tukwila, Inc.	License and Lease Agreement, dated August 27, 2009	\$4,481.66 <sup>5</sup>
Shuffle Master, Inc.	Golden Nugget Tukwila, Inc.	Sales/Lease Agreement, dated May 20, 2004	See FN7.
Shuffle Master, Inc.	Golden Nugget Tukwila, Inc.	Sales/Lease Agreement, dated March 30, 2004	See FN7.
Shuffle Master, Inc.	Golden Nugget Tukwila, Inc.	License and Lease Agreement, dated March 31, 2006	See FN7.
Shuffle Master, Inc.	Golden Nugget Tukwila, Inc.	Sales/Lease Agreement, dated March 12, 2002	See FN7.
Shuffle Master, Inc.	Golden Nugget Tukwila, Inc.	Sales/Lease Agreement, dated March 29, 2004	See FN7.
Shuffle Master, Inc.	Golden Nugget Tukwila, Inc.	Sales/Lease Agreement, dated August 25, 2003	See FN7.
Shuffle Master, Inc.	Golden Nugget Tukwila, Inc.	Sales/Lease Agreement, dated March 24, 2005	See FN7.
Shuffle Master, Inc.	Golden Nugget Tukwila, Inc.	Sales/Lease Agreement, dated May 4, 2005	See FN7.

<sup>5</sup> Amount is for all Shuffle Master agreements with Golden Nugget Tukwila, Inc.



Non-Debtor Party to Agreement	Debtor Party to Agreement	Name and Date of Agreement	Proposed Amount to Be Paid to Cure Existing Defaults Under Agreement
Shuffle Master, Inc.	Golden Nugget Tukwila, Inc.	License and Lease Agreement, dated March 11, 2009	See FN7.
Shuffle Master, Inc.	Golden Nugget Tukwila, Inc.	Sales/Lease Agreement, dated October 10, 2005	See FN7.
Shuffle Master, Inc.	Golden Nugget Tukwila, Inc.	License and Lease Agreement, dated October 31, 2008	See FN7.
Shuffle Master, Inc.	Little Nevada, Inc.	License and Lease Agreement, dated January 28, 2009	\$1,696.10 <sup>6</sup>
Shuffle Master, Inc.	Little Nevada, Inc.	License and Lease Agreement, dated September 3, 2009	See FN8.
Shuffle Master, Inc.	Little Nevada, Inc.	License and Lease Agreement, dated September 21, 2009	See FN8.
Shuffle Master, Inc.	Little Nevada, Inc.	Sales/Lease Agreement, dated November 5, 2004	See FN8.
Shuffle Master, Inc.	Little Nevada, Inc.	Sales/Lease Agreement, dated April 25, 2005	See FN8.
Shuffle Master, Inc.	Little Nevada, Inc.	Sales/Lease Agreement, dated May 4, 2005	See FN8.
Shuffle Master, Inc.	Silver Dollar Mill Creek, Inc.	License and Lease Agreement, dated September 11, 2009	\$2,869.71 <sup>7</sup>
Shuffle Master, Inc.	Silver Dollar Mill Creek, Inc.	Sales/Lease Agreement, dated September 11, 2009	See FN9.
Shuffle Master, Inc.	Silver Dollar Mill Creek, Inc.	License and Lease Agreement, dated August 15, 2007	See FN9.

<sup>6</sup> Amount is for all Shuffle Master agreements with Little Nevada, Inc.

<sup>7</sup> Amount is for all Shuffle Master agreements with Silver Dollar Mill Creek, Inc.

Non-Debtor Party to Agreement	Debtor Party to Agreement	Name and Date of Agreement	Proposed Amount to Be Paid to Cure Existing Defaults Under Agreement
Shuffle Master, Inc.	Silver Dollar Mill Creek, Inc.	Sales/Lease Agreement, dated September 15, 2004	See FN9.
Shuffle Master, Inc.	Silver Dollar Mill Creek, Inc.	License and Lease Agreement, dated March 20, 2006	See FN9.
Shuffle Master, Inc.	Silver Dollar Mill Creek, Inc.	Sales/Lease Agreement, dated March 10, 2005	See FN9.
Shuffle Master, Inc.	Silver Dollar Mill Creek, Inc.	License and Lease Agreement, dated October 31, 2008	See FN9.
Shuffle Master, Inc.	Silver Dollar Mill Creek, Inc.	License and Lease Agreement, dated November 10, 2008	See FN9.
Shuffle Master, Inc.	Silver Dollar Mill Creek, Inc.	License and Lease Agreement, dated October 16, 2008	See FN9.
Shuffle Master, Inc.	Silver Dollar Mill Creek, Inc.	License and Lease Agreement, dated October 16, 2008	See FN9.
Shuffle Master, Inc.	Little Nevada, Inc.	Sales/Lease Agreement, dated April 11, 2005	\$3,423.74 <sup>8</sup>
Shuffle Master, Inc.	Little Nevada, Inc.	Sales/Lease Agreement, dated June 3, 2005	See FN10.
Shuffle Master, Inc.	Little Nevada, Inc.	License and Lease Agreement, dated March 6, 2008	See FN10.
Shuffle Master, Inc.	Little Nevada, Inc.	License and Lease Agreement, dated May 16, 2006	See FN10.
Shuffle Master, Inc.	Little Nevada, Inc.	License and Lease Agreement, dated August 17, 2007	See FN10.

<sup>8</sup> Amount is for all Shuffle Master agreements with Little Nevada, Inc.

Non-Debtor Party to Agreement	Debtor Party to Agreement	Name and Date of Agreement	Proposed Amount to Be Paid to Cure Existing Defaults Under Agreement
Shuffle Master, Inc.	Little Nevada, Inc.	Sales/Lease Agreement, dated January 19, 2006	See FN10.
Shuffle Master, Inc.	Little Nevada, Inc.	License and Lease Agreement, dated February 4, 2009	See FN10.
Shuffle Master, Inc.	Little Nevada, Inc.	Sales/Lease Agreement, dated April 8, 2005	See FN10.
Shuffle Master, Inc.	Little Nevada, Inc.	Sales/Lease Agreement, dated January 19, 2005	See FN10.
Shuffle Master, Inc.	Little Nevada, Inc.	License and Lease Agreement, dated October 30, 2008	See FN10.
Shuffle Master, Inc.	Little Nevada, Inc.	License and Lease Agreement, dated March 14, 2007	See FN10.
Shuffle Master, Inc.	Little Nevada, Inc.	Sales/Lease Agreement, dated November 2, 2004	See FN10.
Shuffle Master, Inc.	Little Nevada, Inc.	Sales/Lease Agreement, dated September 22, 2004	See FN10.
Shuffle Master, Inc.	Royal Casino Holdings, Inc.	License and Lease Agreement, dated June 8, 2009	\$6,555.56 <sup>9</sup>
Shuffle Master, Inc.	Royal Casino Holdings, Inc.	License and Lease Agreement, dated April 23, 2009	See FN11.
Shuffle Master, Inc.	Royal Casino Holdings, Inc.	License and Lease Agreement, dated May 7, 2009	See FN11.
Shuffle Master, Inc.	Royal Casino Holdings, Inc.	License and Lease Agreement, dated July 30, 2008	See FN11.

<sup>9</sup> Amount is for all Shuffle Master agreements with Royal Casino Holdings, Inc.

Non-Debtor Party to Agreement	Debtor Party to Agreement	Name and Date of Agreement	Proposed Amount to Be Paid to Cure Existing Defaults Under Agreement
Shuffle Master, Inc.	Royal Casino Holdings, Inc.	License and Lease Agreement, dated June 27, 2008	See FN11.
Shuffle Master, Inc.	Royal Casino Holdings, Inc.	Sales/Lease Agreement, dated January 25, 2006	See FN11.
Shuffle Master, Inc.	Royal Casino Holdings, Inc.	License and Lease Agreement, dated February 17, 2009	See FN11.
Shuffle Master, Inc.	Royal Casino Holdings, Inc.	License and Lease Agreement, dated October 30, 2008	See FN11.
Shuffle Master, Inc.	Hollydrift Gaming, Inc.	License and Lease Agreement, dated October 29, 2007	\$3,162.87 <sup>10</sup>
Shuffle Master, Inc.	Hollydrift Gaming, Inc.	License and Lease Agreement, dated March 17, 2009	See FN12.
Shuffle Master, Inc.	Hollydrift Gaming, Inc.	License and Lease Agreement, dated March 7, 2007	See FN12.
Shuffle Master, Inc.	Hollydrift Gaming, Inc.	License and Lease Agreement, dated October 30, 2008	See FN12.
Shuffle Master, Inc.	Hollydrift Gaming, Inc.	License and Lease Agreement, dated February 4, 2009	See FN12.
Shuffle Master, Inc.	Hollydrift Gaming, Inc.	License and Lease Agreement, dated July 8, 2008	See FN12.
Shuffle Master, Inc.	Hollydrift Gaming, Inc.	License and Lease Agreement, dated February 19, 2009	See FN12.

<sup>10</sup> Amount is for all Shuffle Master agreements with Hollydrift Gaming, Inc.

Non-Debtor Party to Agreement	Debtor Party to Agreement	Name and Date of Agreement	Proposed Amount to Be Paid to Cure Existing Defaults Under Agreement
Shuffle Master, Inc.	Hollydrift Gaming, Inc.	License and Lease Agreement, dated March 12, 2009	See FN12.
Shuffle Master, Inc.	Gaming Consultants, Inc.	Financed Table Game Sales Agreement, dated July 28, 2006	\$12,330.50 <sup>11</sup>
Shuffle Master, Inc.	Gaming Consultants, Inc.	Back-up Shuffler License & Lease Agreement, dated January 31, 2008	See FN13.
Shuffle Master, Inc.	Gaming Consultants, Inc.	Sales/Lease Agreement, dated July 12, 2005	See FN13.
Sign-O-Lite	Little Nevada, Inc.	Display Rental Agreement, dated August 30, 2005	\$598.00
SoundTrax	Gaming Consultants, Inc.	Unknown	\$900
TALX Corporation	Gaming Consultants, Inc.	UC eXpress Unemployment Cost Management Service Agreement, dated August 2, 2006	\$267.49
Tech Art, Inc.	Big Nevada, Inc.	License/Maintenance Agreement, dated June 4, 1999	\$64.81
Tech Art, Inc.	Golden Nugget Tukwila, Inc.	License/Maintenance Agreement, dated March 20, 2002	\$34.20
Tech Art, Inc.	Little Nevada, Inc.	License/Maintenance Agreement, dated July 13, 1998	\$136.82
Tech Art, Inc.	Silver Dollar Mill Creek, Inc.	License/Maintenance Agreement, dated October 7, 2002	\$68.34
Tech Art, Inc.	Little Nevada, Inc.	License/Maintenance Agreement, dated October 4, 2004	\$34.21

<sup>11</sup> Amount is for all Shuffle Master agreements with Gaming Consultants, Inc.

Non-Debtor Party to Agreement	Debtor Party to Agreement	Name and Date of Agreement	Proposed Amount to Be Paid to Cure Existing Defaults Under Agreement
Tech Art, Inc.	Royal Casino Holdings, Inc.	License/Maintenance Agreement	\$50.14
Tech Art, Inc.	Hollydrift Gaming, Inc.	License/Maintenance Agreement	\$45.61
TransFirst, LLC and Columbus Bank and Trust Company	Big Nevada, Inc.	Merchant Card Processing Agreement	\$0.00
TransFirst, LLC and Columbus Bank and Trust Company	Golden Nugget Tukwila, Inc.	Merchant Card Processing Agreement	\$0.00
TransFirst, LLC and Columbus Bank and Trust Company	Little Nevada, Inc.	Merchant Card Processing Agreement	\$0.00
TransFirst, LLC and Columbus Bank and Trust Company	Silver Dollar Mill Creek, Inc.	Merchant Card Processing Agreement	\$0.00
TransFirst, LLC and Columbus Bank and Trust Company	Little Nevada, Inc.	Merchant Card Processing Agreement	\$0.00
TransFirst, LLC and Columbus Bank and Trust Company	Royal Casino Holdings, Inc.	Merchant Card Processing Agreement, December 12, 2005	\$0.00
TransFirst, LLC and Columbus Bank and Trust Company	Hollydrift Gaming, Inc.	Merchant Card Processing Agreement, dated November 27, 2006	\$0.00
Tukwila Land Corp.	Little Nevada, Inc.	Real Estate Lease, effective June 1, 2000	\$0.00
Wallace Properties - Mill Creek, LLC	Silver Dollar Mill Creek, Inc.	Lease Agreement, dated December 3, 2001, as amended	\$0.00
XO Communications Services, Inc.	Gaming Consultants, Inc.	XO Service Order Agreement, dated August 22, 2008	\$637.28